

Modified Wyden #D17 – Medicare Advantage

Senators Wyden, Schumer, Nelson and Baucus

Short Title: Medicare Advantage transition to competitive bidding and increased quality bonus

Description of Amendment:

Chairman's Mark

The Chairman's Mark accepted and modified amendment #D10 filed by Senator Nelson.

Explanation of the Amendment

This amendment would change the modified Chairman's Mark in three ways: First, it would lower the threshold at which plans must bid below local fee-for-service costs from 85 percent to 75 percent in order for the area to qualify for a grandfather of extra benefits. The amount of extra benefits would be reduced by 5 percent each year beginning in 2013. (Performance bonus payments under competitive bidding would not apply to beneficiaries who receive grandfathered extra benefits.) Second, it would increase the performance bonus under competitive bidding for plans that achieve between 4 and 5 stars on a 5-star quality ranking system by 1 percentage point. Third, it would require the Secretary to provide for transitional extra benefits in 2012 to beneficiaries who enroll in Medicare Advantage plans and experience a significant reduction in extra benefits under competitive bidding. The Secretary would provide for these transitional benefits in certain areas: 1) the 2 largest metropolitan areas of the country if extra benefits in those areas are greater than \$100 per member per month, and 2) counties where the MA benchmark amount in 2011 is equal to the legacy urban floor amount, the Medicare Advantage enrollment penetration is greater than 30 percent, and the MA plans bid below the local fee-for-service costs. The Secretary could also provide transitional benefits in counties contiguous to these areas. In addition, the Secretary would be required to review plan bids to ensure that transitional benefits made available are passed on to beneficiaries. The total amount available for transitional benefits would be \$5 billion and available through 2019.

Offset: None needed.